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Sale
**BETHLEHEM COPPER
CORPORATION LTD.**
15th ANNUAL REPORT
For The Year Ended February 28, 1970





DIRECTORS

RICHARD F. DOOLEY, Chicago
President of 10 So. Wabash Corporation

HERMAN H. HUESTIS, Vancouver
Former President of the Company,
now retired and engaged in farming

KENJIRO KAWAKAMI, Tokyo
President of Sumitomo Metal Mining Co. Ltd.

JOHN A. McLALLEN, Vancouver
Managing Director of Capilano Timber Co. Ltd.

WILLIAM H. McLALLEN, SR., Vancouver
President of Capilano Timber Co. Ltd.

HUGH A. MARTIN, Vancouver
President of Western Construction & Engineering
Research Ltd.

KUNIO OHTA, Tokyo
Managing Director and General Manager of a division of
Sumitomo Shoji Kaisha Ltd.

PATRICK M. REYNOLDS, Vancouver
President and Chief Executive Officer of
Bethlehem Copper Corporation Ltd.

ERLAND WALDENSTRÖM, Stockholm
President of The Grängesberg Company

MASAO YOKOSE, Vancouver
Vice-President of Sumitomo Metal Mining Canada Ltd.

EXECUTIVE OFFICERS

JOHN A. McLALLEN
Chairman of the Board

PATRICK M. REYNOLDS
President and Chief Executive Officer

KEITH E. STEEVES, C.A.
Treasurer

WILLIAM J. THIESSEN, LL.B.
Secretary

HONORARY POSITIONS

HERMAN H. HUESTIS
Honorary Vice-Chairman

RICHARD F. DOOLEY
Honorary Vice-President

VICE-PRESIDENTS

HENRY G. EWANCHUK
Assistant to the President

THOMAS P. LISS
Operations

KEITH E. STEEVES
Finance

EXCHANGE LISTINGS

Shares of this Company are listed on the Vancouver,
Toronto and Canadian Stock Exchanges

REGISTRAR

Guaranty Trust Company of Canada, Vancouver

TRANSFER AGENTS

Guaranty Trust Company of Canada
Vancouver, Calgary, Regina and Toronto, Canada

Registrar and Transfer Company
Jersey City, New Jersey, U.S.A.

BANK

Bank of Montreal, Vancouver and Ashcroft, B.C.

AUDITORS

Arthur Andersen & Co., Vancouver

SOLICITORS

Lawrence & Shaw, Vancouver

OFFICES

Head Office: #2100-1055 West Hastings St., Vancouver 1, B.C.
Mine Office: P.O. Box 520, Ashcroft, B.C.

ANNUAL MEETING

The Annual General Meeting of Bethlehem Copper
Corporation Ltd. will be held on Thursday, June 18th, 1970
at 10:30 A.M. at the mine premises approximately 28 miles
southeast of Ashcroft, British Columbia, Canada.

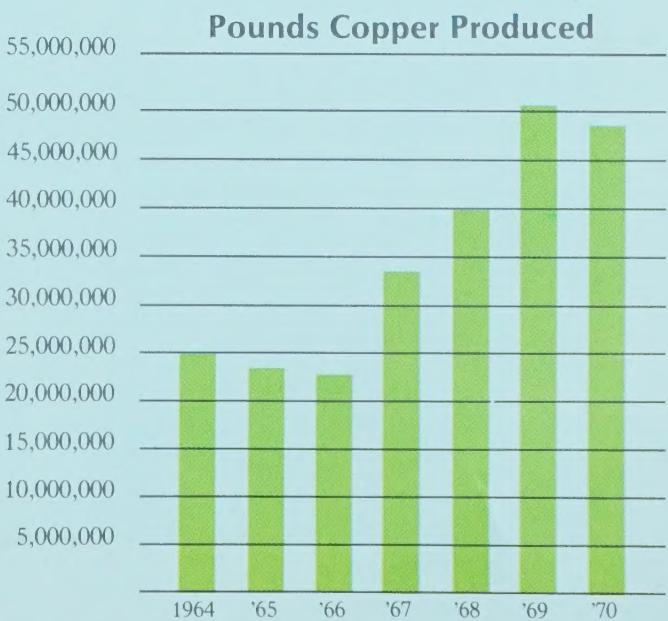
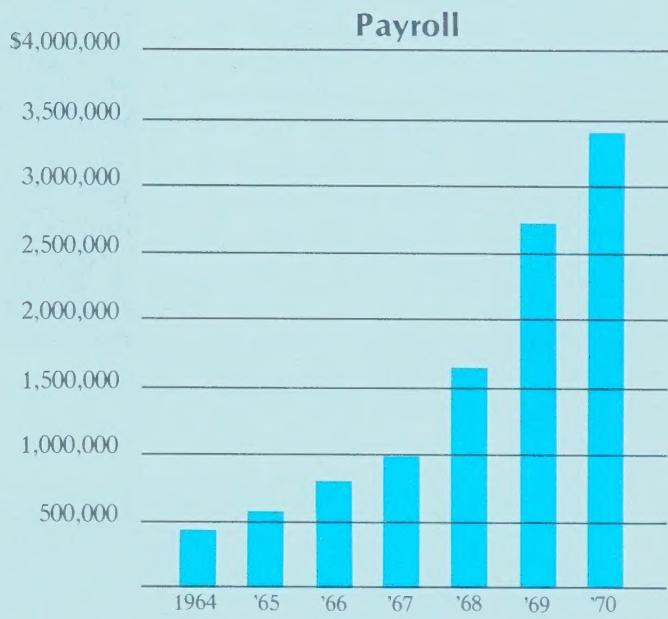
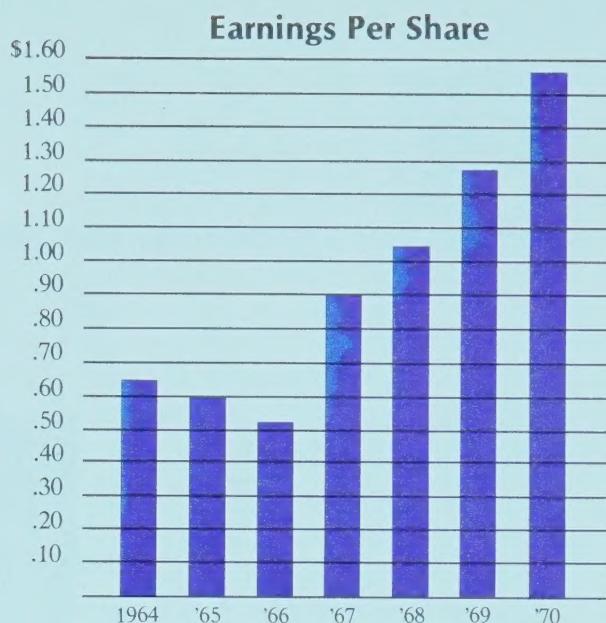
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Please note new Head Office address

The Year at a Glance

	1969	1970
Net income.....	\$6,799,844	\$10,025,598
Shares issued	5,346,343	6,360,293
Income per share	\$1.27	\$1.58
Dividends declared.....	\$2,512,149	\$ 3,436,863
Dividends per share	47.5¢	60¢
Tons milled	5,080,664	5,337,961
Revenue per ton milled	\$4.88	\$5.79
Direct costs per ton milled.....	\$2.13	\$2.17
Pounds copper produced	50,499,680	48,609,230
Proven ore reserves (tons)		
Available to present mill.....	60,000,000	55,000,000
Available to Lake Zone project	—	190,000,000
Employees	367	369
Total company payroll	\$2,752,762	\$ 3,430,200
Capital expenditures	\$2,438,376	\$ 2,201,266
Working capital	\$4,521,420	\$31,740,130





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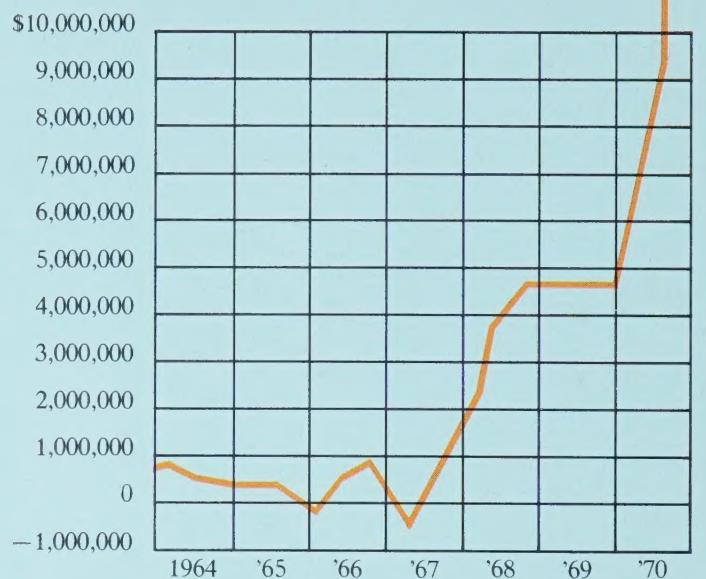
VICE-PRESIDENTS

HENRY G. EWANCHUK
Assistant to the President

THOMAS P. LISS
Operations

KEITH E. STEEVES
Finance

Working Capital



Funds Were

Provided From

WORKING
CAPITAL
BEGINNING
OF YEAR

OPERATIONS

SHARES
ISSUED

DISPOSAL OF
INVESTMENTS
AND CAPITAL
ASSETS

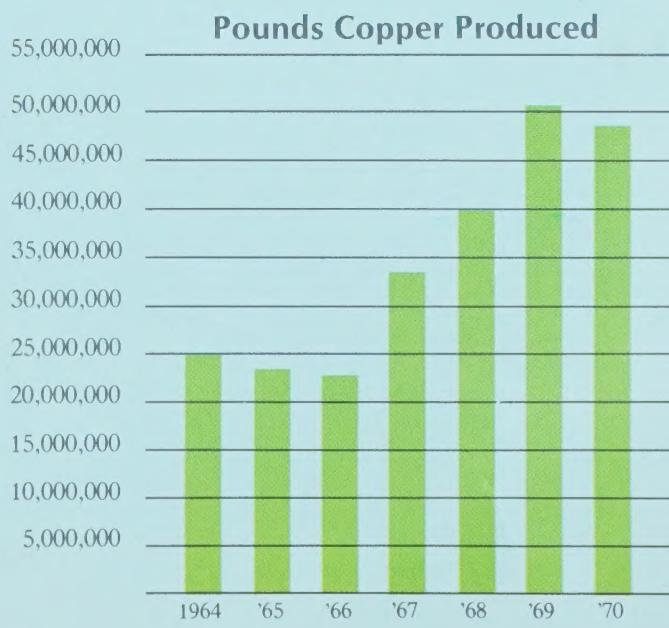
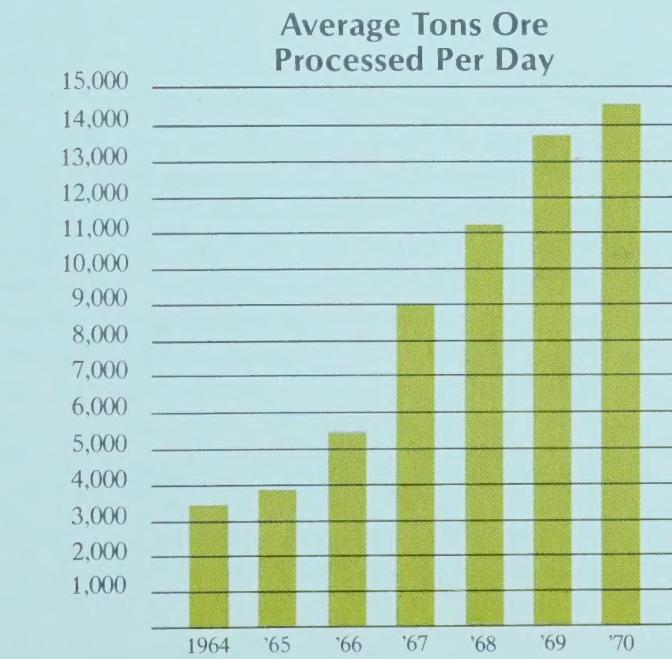
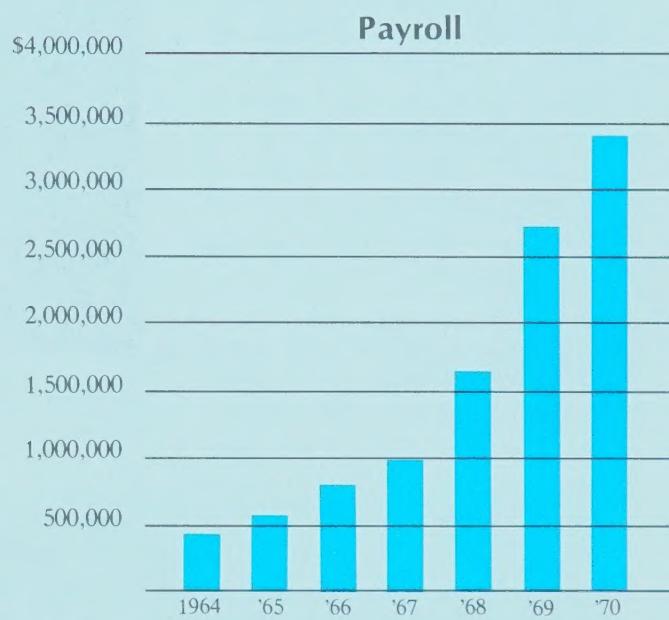
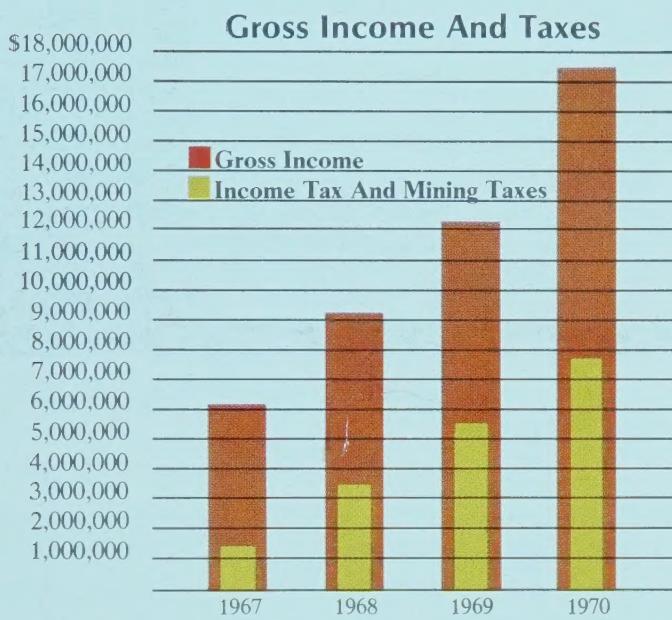
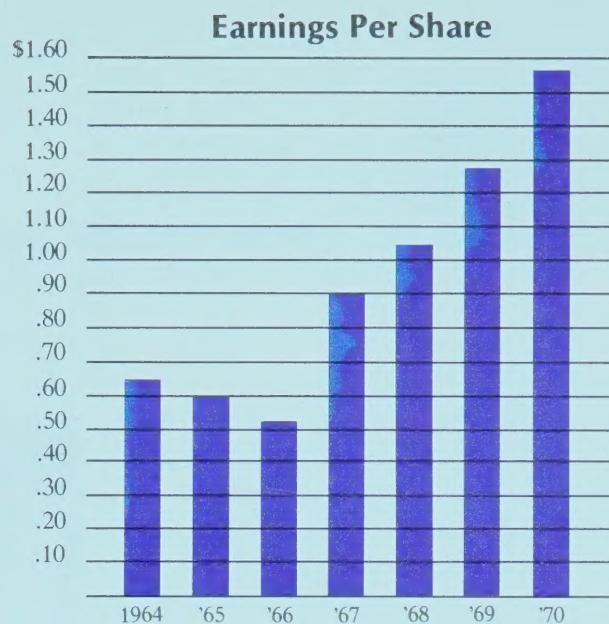
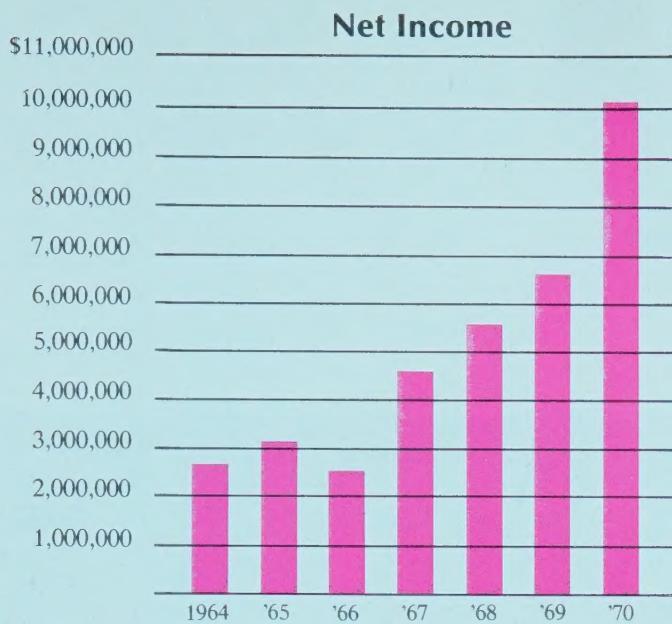
Applied To

CAPITAL
ASSETS

DIVIDENDS
PURCHASE OF
INVESTMENTS

WORKING
CAPITAL
END OF
YEAR







Report to the Shareholders

I take pleasure in presenting the Fifteenth Annual Report on the affairs of our Company, which is the Eighth Report since our mine in the Highland Valley came into production on December 1st, 1962.

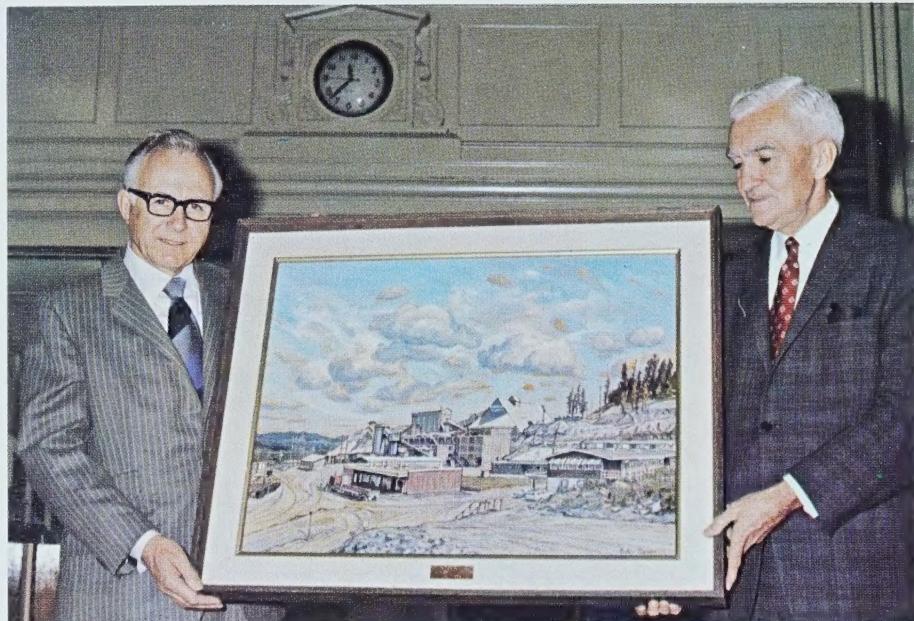
The past year has been both profitable and interesting. Planning the future development of the Lake Zone orebody in partnership with Valley Copper Mines Ltd. (Cominco) was the most exciting event of the year. Later in this report you will be given more details concerning this project.

Financing arrangements made with the Sumitomo Companies of Japan in 1961-62 and with The Grängesberg Company of Sweden in January of this year give recognition to the international importance of our Company as a supplier of copper concentrates. Sumitomo and Grängesberg each own approximately 24.5% of the outstanding shares of the Company with the other 51% being widely distributed, mainly in Canada.

New influences are affecting the mineral and metal industry. Evidence of this is reflected in recent legislation with respect to environmental control and the local smelting of copper concentrates and by proposed legislation with respect to taxation. Your management is receptive to improvements in each of these areas and is active in concerted efforts to establish legislative balances for the benefit of our employees, British Columbia and our shareholders.

EARNINGS

The operating profit for the fiscal year ended February 28th, 1970 was \$17,693,563. Income and mining tax



Patrick M. Reynolds, President, presenting painting of mill buildings to the British Columbia and Yukon Chamber of Mines. Mr. Thomas Elliott accepting on behalf of Chamber. (Artist: J. Dyson)

allowance amounted to \$7,667,965, resulting in a net income of \$10,025,598. This amounts to \$1.58 per share, based upon the 6,360,293 shares outstanding at the fiscal year-end.

DIVIDENDS

The quarterly dividend of 12-1/2¢ per share was continued throughout the year. In January of 1970 an extra dividend of 10¢ per share was declared, making a total of 60¢ per share paid during the fiscal year. Because the increase in profit over the previous year was mainly attributable to the higher copper price, your Directors decided to pay the extra dividend rather than to increase the quarterly dividend.

DEVELOPMENT OF THE LAKE ZONE OREBODY

Exploration of the Lake Zone orebody, which lies mainly in the property owned by Valley Copper Mines

Ltd. and which extends into Bethlehem's property, was carried to the point where ore reserves could be calculated and an open pit planned. Various pit designs are being engineered in order to arrive at the one which will be the most advantageous. For example, minable reserves, in a pit designed to produce 100,000 tons of ore per day grading 0.48% Cu. for a twenty-year life, would be 755 Million tons at a cut-off grade of 0.30% Cu. with a stripping ratio of approximately 1:1.

The feasibility study, which will be completed in May, indicates an all-inclusive cost of approximately \$240 Million to bring the property into production. Of this amount, Bethlehem will supply 20% or about \$48 Million. Included in the total cost is pit development, mine equipment, crusher and concentrator equipment, buildings, pipelines, tailings disposal dams, water and power supply, roads, housing, equipment installation costs, and all the other items necessary to complete the project at the designed capacity. Agreements are being prepared which will provide for Cominco to be the operator of the mine and mill, and Bethlehem, by providing 20% of the operating costs, will receive and market 20% of the concentrates produced. Bethlehem plans to sell one-half of its portion of the concentrates to The Grängesberg Company of Sweden and the other half to Sumitomo Metal Mining Co. Ltd. of Japan.

FINANCING ARRANGEMENTS AND WORKING CAPITAL

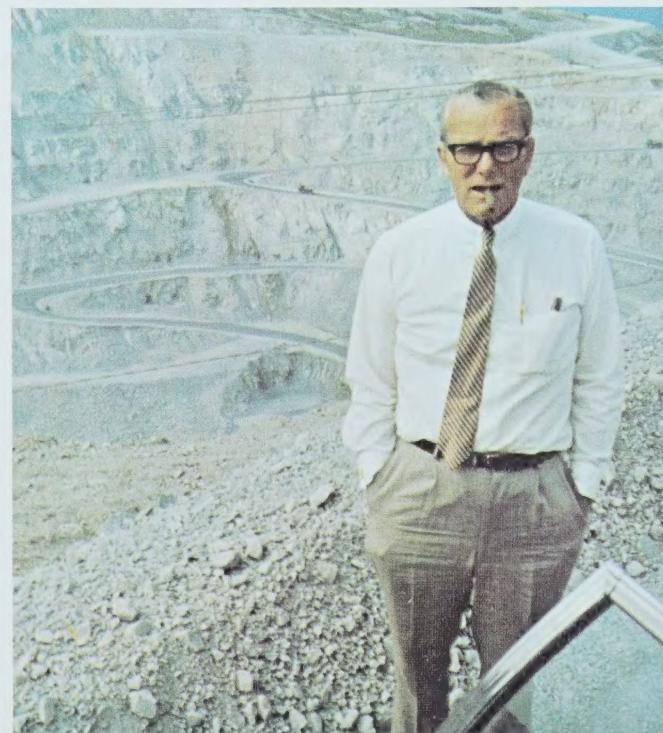
In January 1970, the Company sold 1,000,000 shares of Treasury stock to The Grängesberg Company of Sweden at a price of \$21 (Can.) per share. These funds, together with expected earnings from the present mill over the next two years, will be used to pay for Bethlehem's share of the development of the Lake Zone orebody. If additional money is required, we do not anticipate any problem in borrowing from regular bank sources. Working capital at the end of the fiscal year amounted to \$31,740,130.

EXPLORATION

During the past year, most of our exploration effort was directed towards outlining the Lake Zone orebody. An active exploration program in other parts of British Columbia is planned for 1970. Bethlehem also has a 20% interest in an exploration syndicate in Australia, managed by McPhar Geophysics Limited of Toronto. Special reports will be issued to shareholders when anything of interest is discovered.

LABOR

In July of 1969, a new contract was negotiated with the International Union of Operating Engineers, Local 115, and the Tunnel & Rock Workers Union, Local 168, in their capacity as certified bargaining agents for our employees in the Highland Valley. The contract is for a two-year period, terminating June 30th, 1971.



John A. McLallen, Chairman of the Board

TAXATION

Direct taxes for the fiscal year, including income taxes which are shared by the Federal and Provincial Governments, mining taxes payable to the Provincial Government, local taxes, Provincial taxes paid on equipment and supply purchases and income taxes remitted on behalf of employees, amounted to \$8,800,000. Particular reference is made to these taxes because the mining industry is threatened by the proposals contained in the White Paper on Tax Reform being considered by the Federal Government of Canada. In order to attract the money necessary to search for new mines, a three-year tax-free incentive is granted under the present Income Tax Act to each new mine brought into production. Mines are usually found in remote areas where, in addition to the high cost of developing and equipping the mine itself, the mining company must provide power, roads, housing and other public services such as schools, hospitals, and recreational facilities. The employment of construction crews generates immediate direct and indirect taxes. When the mine comes on stream, the permanent work force provides further substantial direct and indirect taxes. Our Company has provided work in the Highland Valley for approximately 360 people and has paid direct income and mining taxes of \$15 Million to the two major levels of Government since operations commenced on December 1st, 1962. It is our opinion that the mining industry should be encouraged through incentives to find new mines which, in turn, would create new wealth and contribute substantial tax revenue. On the other hand, removal of the incentives through proposed confiscatory tax schemes would discourage economic growth. Our Company alone has generated \$100 Million of U.S. exchange through the export of its production. This must surely be of great importance to the economy of British Columbia and Canada.

The Income Tax Act presently in force provides a depletion allowance which compensates for the day-to-day decline in the ore reserves. It is not possible for a

mine to anticipate indefinitely expanding its production capabilities as do most other businesses. Every operating day brings a mine a day nearer to the end of its productive life. In order to encourage investment in mines, the continuation of the depletion allowance is essential.

It is indeed unfortunate that the theorists who proposed the new tax schemes apparently did not consider it necessary to make an economic study of the value of the mining industry to Canada's economy. Our Company has presented a comprehensive brief to the Committees of the Senate and the House of Commons which were set up to advise the Government. It is our sincere hope that the proposals contained in the White Paper will not be implemented.

CORPORATE ORGANIZATION

The rapid development of our Company has made it necessary to add to our executive staff.



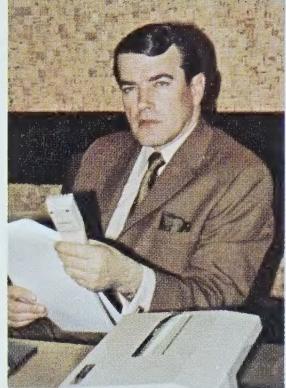
Mr. H. G. Ewanchuk, B.Sc., P.Geol., P.Eng., formerly Manager — Mine Production in the Highland Valley, was moved to Head Office and appointed Vice President and Assistant to the President.

Henry G. Ewanchuk

Mr. T. P. Liss, B.Sc., General Manager — Highland Valley Operations, was appointed Vice President — Operations.

Mr. K. E. Steeves, C.A., who acted in the capacity of Secretary-Treasurer for a number of years, was appointed to the position of Vice President — Finance and Treasurer.

Mr. W. J. Thiessen, LL.B., joined us as Secretary and Chief Legal Officer of the Company.



William J. Thiessen

Appointments and promotions at the mine included:

Mr. C. W. Overton, B.A. (Hon. Chem.), from Manager – Mill Production to the position of Assistant General Manager;

Mr. J. W. Smith, from the position of Manager – Property Engineering to Manager – Mill Production;

Mr. L. H. Hunter, B.Sc., succeeded Mr. H. G. Ewanchuk as Manager – Mine Production;

Mr. J. R. Walmsley, B.E., B.Sc., was appointed Manager – Property Engineering; and

Mr. J. Mazurkewich retained his position as Manager – Administration.

DIRECTORS

Mr. Erland Waldenström, President of The Grängesberg Company of Sweden, has joined the Bethlehem Board of Directors. A leading industrialist, engineer, author and specialist in resource development, Mr. Waldenström's contributions to Sweden's economic development and culture have brought him national honors and international recognition.



Erland Waldenström

As Grängesberg has increased its interest in Bethlehem to 24.5% by purchase of shares on the open market, your Directors are recommending that two more Grängesberg representatives be elected as Directors at the Shareholders' Meeting.

ANNUAL MEETING

In order to provide new shareholders with an opportunity to visit the mine and to give shareholders of long standing a chance to see recent developments, arrangements have been made to hold this year's meeting in the Highland Valley. As in the past, your Directors anticipate a large attendance.

ACKNOWLEDGMENT

On behalf of the Directors, I express their appreciation for the consistent and loyal support of all employees and with their conscientious efforts we expect further success and continued growth in the year ahead.

On Behalf of the Board,

A handwritten signature in black ink, appearing to read "P.M. Reynolds".

Patrick M. Reynolds,
President and Chief Executive Officer.

May 4th, 1970

Who is Grängesberg?

Once just the name of an iron mining community in central Sweden, "Grängesberg" (Trafikaktiebolaget Grängesberg-Oxelösund) today stands for a complex industrial enterprise with head offices in Stockholm serving consumers and manufacturers in many countries.

The Grängesberg Company was established in 1896 when the mine at Grängesberg was merged with the three railways linking it to the Baltic Sea at Oxelösund.

The company ranks largest in Scandinavia as copper and aluminum fabricators. Among Grängesberg's major interests are mining, iron, steel and stainless steel production, machinery and steel fabrication, as well as the operation of port facilities, railways and shipping. Other interests are in the production and distribution of electric power, manufacture of glass and glass-fabricated products, wood and wood-products (including housing) and the production of explosives.

Grängesberg has built up a work force that now totals more than 16,000 people in its various fields of activity in Sweden and abroad. The company's cargo fleet has a capacity approaching one million tons, the bulk of which is designed for alternating cargoes of ore-oil and ore-coal.

KEITH E. STEEVES RECEIVING \$21 MILLION CHEQUE



M. A. Cameron, Guaranty Trust Company of Canada

W. Forsyth, Manager, Bank of Montreal

K. E. Steeves, Vice-President — Finance

B. Unné, President, Grängesberg American Corporation



General Manager's Report

I am pleased to submit a report on the Highland Valley operations for the fiscal year ended February 28th, 1970. The more important details of the year are summarized in the following charts and comments. For comparison purposes figures are included for the previous year:

Mine

		This Year	Last Year
Ore: From Jersey pit	tons	5,826,216	5,590,325
Waste: From Jersey pit	tons	11,183,347	11,359,491
Stripping ratio	waste:ore	1.92:1	2.03:1

Plant

Ore milled	tons	5,337,961	5,080,664
Copper contained	%	0.521	0.581
Copper in concentrate	%	36.80	34.69
Copper produced	pounds	48,609,230	50,499,680

PRODUCTION

New records were established for tons of ore and waste moved and tons of ore milled. The bulk of the ore was mined from the periphery of the Jersey pit where the grade is lower than mine average. The reduction in copper content of the feed resulted in a corresponding reduction in pounds of copper produced. In the Fall of 1970, we should again be treating ore of a higher grade.

COSTS

Direct operating costs per ton increased 2% over those of the previous year. Labor, which accounts for about 30% of such costs, increased 26% as a result of a new labor contract which became effective on July 1st, 1969. For comparison with last year, the following figures have been supplied:



Richard M. Belliveau, Pit Consultant from Long Beach, California, Thomas P. Liss, General Manager at Highland Valley and John Smith, Manager — Mill Production.

	This Year	Last Year	This Year	Last Year	
Direct operating cost per ton ore milled (includes mining, milling, administration, property overhead and marketing)	\$2.17	\$2.13	Mine equipment depreciation (owned equipment)08	.08
Plant depreciation per ton ore milled14	.13	Exploration per ton ore milled26	.11
			Total direct costs per ton ore milled	\$2.65	\$2.45

REVENUE

Principally because of a higher average price obtained for copper, we attained an operating revenue of \$30,928,697, which was the highest in our history. This is an increase of approximately 25% from the record of a year ago.

MINING OPERATIONS

All ore supplied to the mill during the year was mined from the Jersey pit which is now virtually free of waste material. Approximately 15 Million tons of ore now remain in this pit. The mining equipment previously employed in waste removal has been transferred to the Huestis zone which is being prepared for ore production in late 1970.

PLANT OPERATIONS

Efforts were continued in the plant to improve operating efficiency. Gains were made in average daily tonnage throughput without a sacrifice of metallurgical results. To obtain a higher recovery of copper from our ore by finer grinding, we have carried out an extensive study of the possibility of installing two mills which would utilize pebbles as grinding media. We also expect a slight increase in tonnage throughput. The decision on the proposed installation will be made by mid-Summer.

PROPERTY ENGINEERING

In the early part of the year the construction of an apartment complex in Ashcroft was completed. We now have apartment and townhouse facilities for 60 families, as well as accommodation for 60 single employees. Plans were initiated to subdivide 30 acres in North Ashcroft into 120 building lots for our employees. With the exception of an addition to our office facilities, no major construction projects were carried out at the mine or plant.

SAFETY

Company policy stresses safety and security. An organizational revision brought these functions under the supervision of Mr. R. A. Andersen, Personnel Director,

who reports directly to the General Manager. Emphasis on safe working practices brought a significant decrease in compensable and minor injuries.

PERSONNEL

Our labor requirements remained stable at approximately 360 employees. A decrease in turnover was noted and is attributed primarily to our housing program and to the signing of a mutually satisfactory labor agreement.

ADMINISTRATION

Warehouse control and costing were incorporated in the computer data processing system which was inaugurated in early 1969. We are studying the possibility of expanding this system to further improve record keeping, cost control and to minimize clerical costs.

ORE RESERVES

A reassessment of proven ore reserves gave the following results at the year-end:

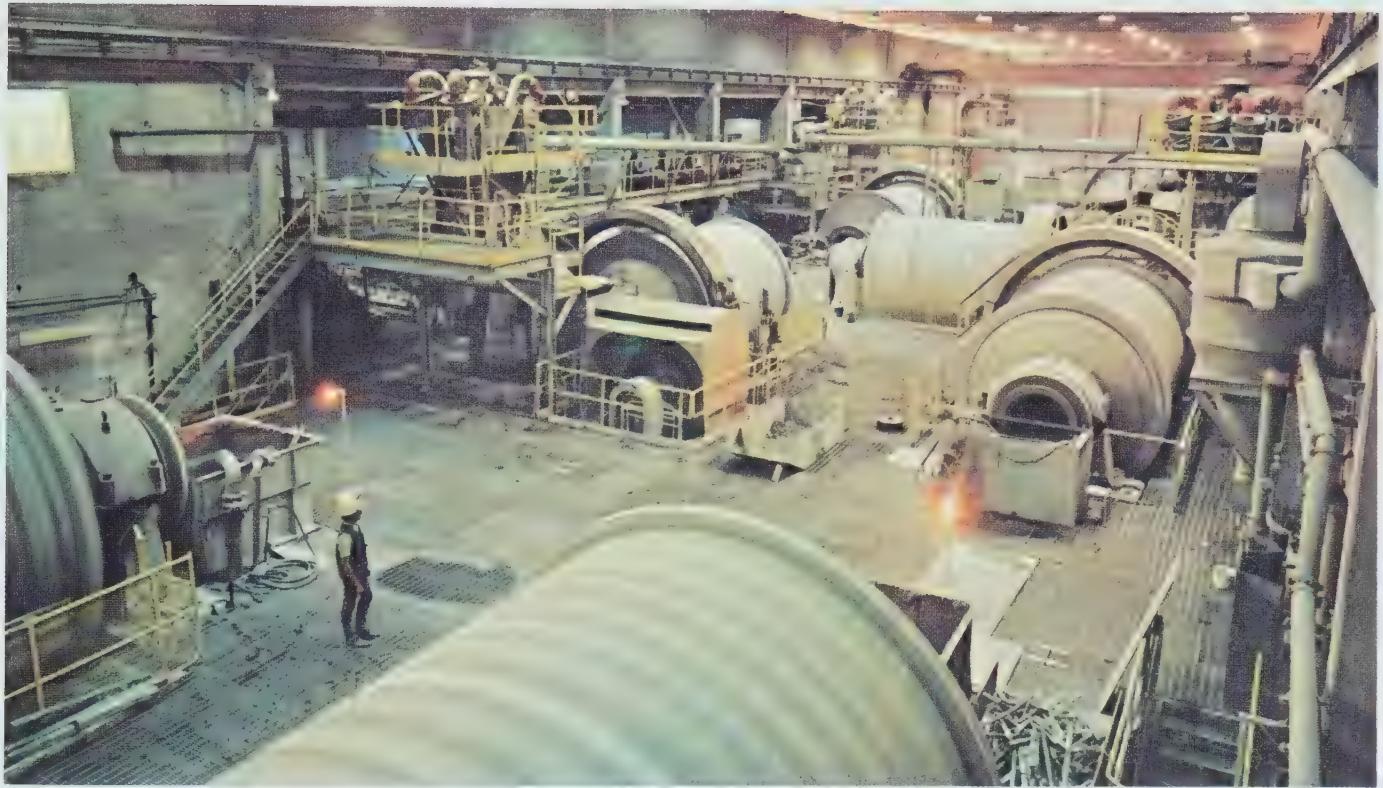
Available to present mill. 55,000,000 tons
Available to Lake Zone project 190,000,000 tons

ACKNOWLEDGMENT

I wish to thank the administrative staff and all employees for their diligence and cooperative efforts to make this another successful year. Also, I would like to extend my appreciation to the Board of Directors for their continued support.



Thomas P. Liss, B.Sc.
Vice President — Operations
May 1st, 1970
General Manager — Highland Valley Operations



Grinding bay



*Clifford W. Overton
Assistant General Manager
at Highland Valley*



*Lorne H. Hunter
Manager - Mine Production*



*Joseph Mazurkewich
Manager - Administration
at Highland Valley*



GENERAL SITE PLAN

SHOWING LOCATIONS OF ORE BODIES

SCALE IN FEET

2000 1000 0 2000 4000 6000





Jersey Pit – Day and Night Scenes





BETHLEHEM COPPER CORPORATION LTD.

Statement of Income and Retained Earnings

For the Years Ended February 28, 1970 and 1969

	1970	1969
Concentrate revenue (Note 7)	<u>\$30,928,697</u>	\$24,817,860
Production, administration, transportation and marketing costs.	<u>11,564,452</u>	<u>10,836,064</u>
	<u><u>\$19,364,245</u></u>	<u><u>\$13,981,796</u></u>
Interest income	<u>941,795</u>	<u>408,533</u>
	<u><u>\$20,306,040</u></u>	<u><u>\$14,390,329</u></u>
	-----	-----
Depreciation	<u>\$ 1,202,409</u>	\$ 1,094,468
Exploration	<u>1,410,068</u>	545,569
Debenture interest, discount and premium.	<u>—</u>	<u>357,711</u>
	<u><u>\$ 2,612,477</u></u>	<u><u>\$ 1,997,748</u></u>
	-----	-----
Income before income and mining taxes	<u><u>\$17,693,563</u></u>	<u><u>\$12,392,581</u></u>
	-----	-----
Provision for income and mining taxes (Note 4) –		
Current	<u>\$ 7,226,649</u>	\$ 4,886,811
Deferred	<u>441,316</u>	<u>705,926</u>
	<u><u>\$ 7,667,965</u></u>	<u><u>\$ 5,592,737</u></u>
	-----	-----
Net income	<u><u>\$10,025,598</u></u>	<u><u>\$ 6,799,844</u></u>
Retained earnings at beginning of year	<u><u>12,148,731</u></u>	<u><u>7,861,036</u></u>
	<u><u>\$22,174,329</u></u>	<u><u>\$14,660,880</u></u>
Dividends	<u><u>3,436,863</u></u>	<u><u>2,512,149</u></u>
	<u><u>\$18,737,466</u></u>	<u><u>\$12,148,731</u></u>

The accompanying notes to financial statements are an integral part of this statement.



Balance Sheet as at February 28, 1970 and 1969

ASSETS

	1970	1969
CURRENT ASSETS:		
Cash and short-term deposits (Note 6)	\$36,660,057	\$ 6,770,761
Accounts receivable (Notes 3 and 6).....	1,375,548	655,264
Inventories (Note 3) —		
Concentrates, at estimated net realizable value (Note 7)	1,054,960	2,116,036
Materials and supplies, at average cost.....	1,480,572	1,393,156
Prepaid expenses.....	96,291	95,553
TOTAL CURRENT ASSETS.....	\$40,667,428	\$11,030,770
 INVESTMENTS , at cost (Note 2).....	 \$ 2,276,123	 \$ 2,301,435
 CAPITAL ASSETS , at cost:		
Buildings, equipment and roads (Note 3)	\$17,526,521	\$16,186,504
Less — Accumulated depreciation	3,777,912	2,775,056
	\$13,748,609	\$13,411,448
Mineral claims.	259,330	246,622
Land and land rights	778,199	323,238
	\$14,786,138	\$13,981,308
	 \$57,729,689	 \$27,313,513
On behalf of the Board:		

J. A. McLALLEN,

Director

P. M. REYNOLDS,

Director

The accompanying notes to financial statements are an integral part of this balance sheet.

LIABILITIES AND SHAREHOLDERS' EQUITY

	1970	1969
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Notes 6 and 7)	\$ 4,193,599	\$ 1,828,158
Dividends payable	795,037	668,293
Income and mining taxes payable (Note 4)	3,772,820	3,724,870
Principal payments on long-term liabilities, due within one year	<u>165,842</u>	<u>288,029</u>
 TOTAL CURRENT LIABILITIES	 <u>\$ 8,927,298</u>	 <u>\$ 6,509,350</u>
 LONG-TERM LIABILITIES (Note 3)	 -----	 -----
 DEFERRED INCOME AND MINING TAXES (Note 4)	 <u>\$ 395,808</u>	 <u>\$ 561,300</u>
 SHAREHOLDERS' EQUITY:	 -----	 -----
Share capital —		
Common shares, 50¢ each par value; authorized, 10,000,000 shares; outstanding, 6,360,293 shares in 1970 and 5,346,343 shares in 1969 (Note 1)	\$ 3,180,147	\$ 2,673,172
Contributed surplus	23,574,228	2,947,534
Retained earnings	<u>18,737,466</u>	<u>12,148,731</u>
	 <u>\$45,491,841</u>	 <u>\$17,769,437</u>
	 <u>\$57,729,689</u>	 <u>\$27,313,513</u>
 COMMITMENTS (Note 9)		



Statement of Source and Application of Funds

For the Years Ended February 28, 1970 and 1969

SOURCE OF FUNDS:

	1970	1969
Operations —		
Net income	\$10,025,598	\$ 6,799,844
Add — Expenses not requiring an outlay of funds —		
Depreciation.....	1,202,409	1,094,468
Deferred taxes	441,316	705,926
Debenture discount and premium	—	336,744
	<hr/> \$11,669,323	<hr/> \$ 8,936,982
Proceeds from issue of shares —		
For cash	21,054,125	175,500
For assets	79,544	908,956
Proceeds on sale of investments	111,383	2,053,032
Special refundable tax, currently receivable	308,892	14,717
Proceeds from sale of capital assets	194,027	147,563
	<hr/> \$33,417,294	<hr/> \$12,236,750

APPLICATION OF FUNDS:

Repayment of long-term liabilities	\$ 165,492	\$ 287,494
Retirement of 6% convertible sinking fund debentures.....	—	3,779,340
Investments —		
Property held for resale.....	—	145,970
Deferred deposits and other investments	107,005	54,655
Employee agreements.....	33,225	35,937
Interest bearing securities.....	—	50,000
Shares and advances to other companies	254,733	2,989,097
Purchase of capital assets	2,201,266	2,438,376
Dividends	3,436,863	2,512,149
	<hr/> \$ 6,198,584	<hr/> \$12,293,018
Increase (decrease) in working capital	\$27,218,710	\$ (56,268)

The accompanying notes to financial statements are an integral part of this statement.



Statement of Contributed Surplus

For the Years Ended February 28, 1970 and 1969

	1970	1969
BALANCE, BEGINNING OF YEAR.....	\$ 2,947,534	\$ 1,905,625
Premium on issue of shares (Note 1).....	20,626,694	1,037,222
Premium on conversion of 6% sinking fund debentures into common shares	—	4,687
 BALANCE, END OF YEAR.....	<u>\$23,574,228</u>	<u>\$ 2,947,534</u>

The accompanying notes to financial statements are an integral part of this statement.

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders,
Bethlehem Copper Corporation Ltd.:

We have examined the balance sheet of BETHLEHEM COPPER CORPORATION LTD. (a British Columbia company) as of February 28, 1970, and the related statements of income and retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, subject to the effect of any adjustments to concentrate revenue that may result from the final determination of the copper price for concentrates in transit and in inventories as outlined in Note 7, the accompanying balance sheet and statements of income and retained earnings, contributed surplus and source and application of funds present fairly the financial position of Bethlehem Copper Corporation Ltd. as of February 28, 1970, and the results of its operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 26, 1970
Vancouver, B.C.

ARTHUR ANDERSEN & CO.



Notes to Financial Statements

February 28, 1970

1. SHARE CAPITAL

On January 5, 1970, the Company sold 1,000,000 treasury shares pursuant to an offer received from Trafikaktiebolaget Grängesberg-Oxelösund (Grängesberg) for a consideration of \$21,000,000.

On April 29, 1969, the Company and Granite City Platinum Ltd. (N.P.L.) (Granite City) entered into an agreement resulting in the distribution to the Company of its pro rata share of Granite City's shareholdings in Ionarc Smelters Ltd. (N.P.L.) and the purchase of all the assets and the assumption of all the liabilities of Granite City. The consideration included the issue of 4,450 treasury shares of the Company to Granite City which, together with the balance of the shares of Ionarc Smelters Ltd. (N.P.L.) were distributed to the remaining shareholders of Granite City following the placing of Granite City into voluntary liquidation.

The following options to officers and employees to purchase shares of the Company were outstanding as at February 28, 1970:

1,000 shares at \$ 5.50 per share to December 31, 1971
 6,000 shares at \$ 5.50 per share to December 31, 1972
 52,500 shares at \$ 6.25 per share to December 31, 1977
 16,000 shares at \$15.50 per share to December 31, 1977
 8,000 shares at \$17.75 per share to December 31, 1977

Options for 9,500 shares were exercised during the year ended February 28, 1970, for a total cash consideration of \$54,125.

2. INVESTMENTS

Investments consist of the following:

a) Wholly-owned subsidiary companies —

Bethlehem Explorations Pty. Limited —
 2 shares
 Advances

	Cost	
	1970	1969
\$ 2	\$ 76,981	\$ —
<hr/>	<hr/>	<hr/>
\$ 76,983	\$ —	\$ —
<hr/>	<hr/>	<hr/>
\$ 500	\$ 500	\$ 500
<hr/>	<hr/>	<hr/>
\$ 300	\$ 300	\$ 300
<hr/>	<hr/>	<hr/>
\$ 800	\$ 800	\$ 800
<hr/>	<hr/>	<hr/>

Highland Valley Smelting & Refining Co. Ltd. —
 500 Common shares
 Advances

The statements of Bethlehem Exploration Pty. Limited and Highland Valley Smelting & Refining Co. Ltd. have not been consolidated with those of Bethlehem Copper Corporation Ltd.

Bethlehem Explorations Pty. Limited was incorporated in Australia to conduct exploration programs in that country. Exploration costs of \$76,893 incurred to February 28, 1970, will be applied against revenues, if mineral properties are discovered and placed into production.

Highland Valley Smelting & Refining Co. Ltd. is not an operating company.

b) Shares in other companies —

Valley Copper Mines Ltd. (N.P.L.) — 513,358 shares (market value 1970 — \$8,213,728, 1969 — \$14,053,175)	\$ 1,046,009	\$ 1,046,009
Mariner Mines Limited — 75,000 shares (market value 1970 — \$18,000, 1969 — \$31,125)	\$ 75,000	\$ 75,000
Ionarc Smelters Ltd. (N.P.L.) — 157,750 shares, 1969 — 120,000 shares (market value 1970 — \$583,675, 1969 — not listed)	\$ 483,750	\$ 318,750
Ultrabasic Minerals Limited (N.P.L.) — 1970 — 142,500 shares, 1969 — 15,000 shares Norcan Mines Ltd. (N.P.L.) — 101,037 shares (market value 1970 — \$39,404, 1969 — \$25,259)	\$ 14,250	\$ 1,500
Granite City Platinum Ltd. (N.P.L.) — 1969 — 239,398 shares	\$ 23,238	\$ 23,238
Property held for resale	\$ —	\$ 12,000
<hr/>	<hr/>	<hr/>
\$ 170,170	\$ 146,770	

	Cost	
	1970	1969
Agreements receivable — employees	\$ 97,959	\$ 127,017
Canada Savings Bonds — 5-3/4% due November, 1982	\$ —	\$ 50,000
Village of Ashcroft debentures	\$ 6,000	\$ 6,500
Cash values — life insurance and annuities	\$ 66,964	\$ 34,959
d) Deferred deposits —		
Rental deposits on equipment	\$ 140,000	\$ 150,000
Reclamation security deposit with Province of B.C. — 6-1/2% B.C. Hydro bonds due August, 1972 and September, 1974	\$ 75,000	\$ —
e) Special corporation refundable tax	\$ 215,000	\$ 150,000
	\$ —	\$ 308,892
	<u><u>\$2,276,123</u></u>	<u><u>\$2,301,435</u></u>

3. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

7-1/4% Mortgage on Employee Housing Complexes, repayable over 25 years by equal monthly instalments including interest and taxes	\$ 402,933	\$ 409,569
9% Bank loans, secured by assignment of book debts, and under Section 88 of the Bank Act, repayable by September, 1970 by equal monthly instalments of principal plus interest	\$ 158,717	\$ 439,760
Less — Principal payments due within one year included in current liabilities	\$ 561,650	\$ 849,329
	165,842	288,029
	<u><u>\$ 395,808</u></u>	<u><u>\$ 561,300</u></u>

4. INCOME AND MINING TAXES

Bethlehem's application for a tax free period with respect to the Jersey mine has been denied by the taxation authorities. Although the Company is appealing this decision, provision has been made for all income and mining taxes which may be assessed to February 28, 1970.

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company directly or indirectly to Senior Officers, including directors, during the year ended February 28, 1970 was \$262,000.

6. CURRENCY CONVERSION

The U.S. funds bank account and short term deposits in U.S. funds which together total \$23,730,000 and accounts payable of \$2,225,000 U.S. were converted into Canadian funds at the rate of exchange applicable at the balance sheet date. Accounts receivable, of \$171,000 in U.S. funds, were converted at the rate effective on the dates the invoices were prepared.

7. CONCENTRATE SALES

Under an agreement which expires February 28, 1973, the Company sells all the copper concentrates produced from its present mill to Sumitomo Shoji Kaisha Ltd. (Sumitomo). In February, 1970 the copper price quotation used under the terms of the sales agreement for previous invoicing purposes was suspended. The Company has arbitrarily valued approximately 14 million pounds of copper contained in its inventory and shipments in transit to Sumitomo pending the determination of the copper price quotation.

8. EARNINGS PER SHARE

Based on shares outstanding at February 28, 1970, the earnings per share were \$1.58.

As outlined in Note 1, 1,000,000 shares were issued to Grängesberg in January, 1970. Earnings per share computed on a weighted average basis were \$1.82.

9. COMMITMENTS

- a) The Company has entered into 36-month lease rental agreements (with option to purchase) on fourteen ore trucks used in its mining operations. The Company's remaining payments to the expiry date of the leases on March 20, 1971 total \$291,000.
- b) The Company has assigned its interest in a joint venture agreement for an exploration project in Australia to its wholly-owned subsidiary, Bethlehem Explorations Pty. Limited. The Company intends to advance the exploration funds required to maintain the agreement in good standing; these advances are estimated not to exceed \$150,000 in the year ended February 28, 1971.
- c) The Company, in conjunction with Valley Copper Mines Ltd. (N.P.L.), is studying the feasibility of placing into production an orebody situated on their adjacent properties. Under the terms of a letter of intent signed by the two companies, the properties may be mined as one orebody with the Company receiving 20% of the ore produced and paying 20% of costs. Separate mills would process each company's share of ore produced. If a production decision is made, the Company's share of costs for the year ended February 28, 1971, are estimated not to exceed \$10,000,000. The Company's share of the total cost of placing the property into production should not exceed \$50,000,000.



Tire repair shop



mall parts warehouse



Cec Bradley — Mill Superintendent

*Robin E. Anderson
Manager of Exploration
Located in Vancouver Office*



Setting explosives in open pit



Rubber repair shop



Summary of Operations

YEARS ENDED

	February 29, 1964	February 28, 1965	February 28, 1966	February 28, 1967	February 29, 1968	February 28, 1969	February 28, 1970
Net operating income	\$3,311,144	\$3,571,857	\$3,114,797	\$6,933,628	\$10,408,226	\$13,981,796	\$19,364,245
Investment income . . .	7,755	8,441	11,342	163,315	256,657	408,533	941,795
	<u>3,318,899</u>	<u>3,580,298</u>	<u>3,126,139</u>	<u>7,096,943</u>	<u>10,664,883</u>	<u>14,390,329</u>	<u>20,306,040</u>
Depreciation	237,115	312,773	317,568	483,204	841,605	1,094,468	1,202,409
Exploration	—	—	—	134,222	390,760	545,569	1,410,068
Interest on funded debt	259,220	135,226	30,851	240,273	229,777	20,967	—
Bond discount and premium.	—	—	9,167	22,000	31,080	336,744	—
Taxes on income, including deferred	—	—	—	1,425,500	3,665,000	5,592,737	7,667,965
	<u>496,335</u>	<u>447,999</u>	<u>357,586</u>	<u>2,305,199</u>	<u>5,158,222</u>	<u>7,590,485</u>	<u>10,280,442</u>
Net income	<u>\$2,822,564</u>	<u>\$3,132,299</u>	<u>\$2,768,553</u>	<u>\$4,791,744</u>	<u>\$5,506,661</u>	<u>\$6,799,844</u>	<u>\$10,025,598</u>
Shares issued.	4,270,500	5,201,000	5,211,500	5,222,000	5,261,250	5,346,343	6,360,293
Income per share . . .	66¢	60¢	53¢	92¢	\$1.05	\$1.27	\$1.58
Dry tons milled.	1,265,988	1,444,696	2,007,883	3,279,073	4,136,167	5,080,664	5,337,961
Average tons per calendar day.	3,459	3,958	5,501	8,984	11,301	13,920	14,625
Average heads - % . . .	1.06	.89	.69	.60	.58	.58	.52
Pounds of copper produced	25,023,892	23,730,516	23,118,998	32,255,986	40,143,527	50,499,680	48,609,230
Average price per lb. of copper - U.S. cents.	28.45	31.81	37.06	48.82	49.15	49.15	64.41

MAP SHOWING LOCATIONS OF
BETHLEHEM COPPER CORPORATION PROPERTIES
IN BRITISH COLUMBIA



- 1 HIGHLAND VALLEY
- 2 MAGGIE
- 3 BOYES
- 4 OX LAKE
- 5 TASEKO LAKE
- 6 TOPLEY
- 7 PITMAN
- 8 LAVERDIERE
- 9 MAMIT LAKE



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**REPORT
TO THE
SHAREHOLDERS**



**June - July - August
1971**

*Second Quarter of Fiscal Year
Ending February 29, 1972*

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**BETHLEHEM
COPPER CORPORATION
LTD.**

Suite 2100, Guinness Tower,
1055 West Hastings Street,
Vancouver 1, B.C.

JW BETHLEHEM COPPER CORPORATION LTD.

OPERATING RESULTS

The high rates of mill throughput and copper production established in the first quarter of the year have continued during the current period. Total operating costs are less than last year in spite of the increase in production and general inflationary pressures.

However, due to the depressed price of copper on world markets, net income of \$2,883,165 for the first half of the current fiscal year and \$1,318,361 for the quarter ended August 31, 1971 reflect a decline from the profits recorded in the comparable periods a year ago.

EXPLORATION

The current exploration programs are proceeding on schedule. Drilling is continuing on the recently announced J-A Zone and it is intended that a further progress report concerning this discovery will be mailed to shareholders before the end of September, 1971.

DIVIDENDS

The regular quarterly dividend of 15¢ per share has been authorized for payment on September 20, 1971.

P. M. REYNOLDS
President

September 17, 1971.

SUMMARY OF OPERATING RESULTS

Mill feed (dry) — average per calendar day..... Tons
Grade of ore — copper..... %
Concentrate grade..... %
Copper produced..... Pounds
Average copper price per pound.. U.S.Cents

CONCENTRATE REVENUE.....
INTEREST INCOME.....

Production costs and exploration.....
Income before income and mining taxes...
Provision for income and mining taxes.....

NET INCOME.....

EARNINGS PER SHARE
— 6,377,793 shares outstanding..... 20.7¢
— 6,360,293 shares outstanding..... 31.5¢

	Three months ended August 31st 1971	1970	First six months of fiscal year 1971	1970
Mill feed (dry) — average per calendar day..... Tons	15,630	15,100	15,669	14,893
Grade of ore — copper..... %	.51	.50	.51	.51
Concentrate grade..... %	30.42	30.60	30.40	29.71
Copper produced..... Pounds	12,783,238	11,979,116	25,934,198	24,074,710
Average copper price per pound.. U.S.Cents	49.97	61.52	51.66	67.26
CONCENTRATE REVENUE.....	<u>\$ 5,721,843</u>	<u>\$ 6,980,102</u>	<u>\$11,482,764</u>	<u>\$15,151,469</u>
INTEREST INCOME.....	<u>630,077</u>	<u>812,157</u>	<u>1,250,511</u>	<u>1,578,626</u>
	<u>\$ 6,351,920</u>	<u>\$ 7,792,259</u>	<u>\$12,733,275</u>	<u>\$16,730,095</u>
Production costs and exploration.....	3,996,060	4,188,137	7,557,934	7,815,107
Income before income and mining taxes...	\$ 2,355,860	\$ 3,604,122	\$ 5,175,341	\$ 8,914,988
Provision for income and mining taxes.....	1,037,499	1,601,590	2,292,176	3,932,950
NET INCOME.....	<u>\$ 1,318,361</u>	<u>\$ 2,002,532</u>	<u>\$ 2,883,165</u>	<u>\$ 4,982,038</u>
EARNINGS PER SHARE			45.2¢	
— 6,377,793 shares outstanding.....	20.7¢			
— 6,360,293 shares outstanding.....	31.5¢			
			78.3¢	

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Funds were provided from:

Operations.....	\$ 2,883,165	\$ 4,982,038
Add expenses not requiring an outlay of funds —		
Depreciation and amortization.....	756,892	705,815
Deferred taxes.....	57,622	83,599
	3,697,679	5,771,452
	56,250	—
	3,753,929	5,771,452

Proceeds from issue of shares.....

Funds were applied to:

Dividends.....	1,912,888	1,749,081
Investments.....	64,854	595,964
Deferred exploration.....	499,800	—
Capital assets.....	946,809	203,432
	3,424,351	2,548,477
	\$ 329,578	\$ 3,222,975

INCREASE IN WORKING CAPITAL.....

WORKING CAPITAL

	As at August 31st 1971	1970
Current assets.....	\$41,609,943	\$41,325,924
Current liabilities.....	4,244,061	6,373,844
WORKING CAPITAL.....	<u>\$37,365,882</u>	<u>\$34,952,080</u>